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## **Reviewed Work: Understanding Institutional Diversity by Elinor Ostrom**

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Review

Reviewed Work(s): Understanding Institutional Diversity by Elinor Ostrom

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integration, transboundary pollution, trade, multilateral lending and investment, debt relief, governance of transnational corporations, labor and environmental standards, gender equity, indigenous cultures, and poverty elimination.

The presentation of *Paths to a Green World* is meticulously even-handed, an admirable trait for any scholarly survey, but especially so for one that covers a topic as heated and politicized as globalization and the environment. Still, instructors who utilize the text—and many should consider doing so—will want to also consider assigning materials that emanate more directly from within the four worldviews and that do not so studiously shy away from strongly asserting normative arguments or from drawing conclusions based on existing empirical evidence. Readers who follow Clapp and Dauvergne's discussion will come away with a nearly comprehensive map of the argument terrain in global environmental politics, but they may also come away somewhat numbed by the authors' assiduously descriptive, noncommittal approach, wondering in the end what the fuss is about, given that all of our evidence seems inconclusive and our argumentation perpetually rebuttable.

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**Understanding Institutional Diversity** by Elinor Ostrom. Princeton, NJ, Princeton University Press, 2005. 376 pp. Cloth, \$60.00; paper, \$27.95.

Is scientific discourse possible in the absence of shared language? Obviously not. In *Understanding Institutional Diversity*, Elinor Ostrom borrows a term to describe the state of discourse among those interested in the form and function of institutions: “babbling equilibrium.” This occurs when people use common language to express divergent ideas.

In this volume, which captures a great deal of Ostrom's well-known work, the author aims to establish a shared vocabulary and grammar for discussions regarding institutions. It is a useful ambition. However, one wonders whether Ostrom's system demands too much from potential users. If there is one thing we know, the babbling equilibrium is a stable one. Adopting Ostrom's Institutional Analysis and Development (IAD) framework requires mastery of jargon (e.g., “holons,” “action arenas,” “ADICO”), making its use costly. And here's the rub.

Like the commons problems Ostrom is so well known for studying, the “babbling equilibrium” can only be overcome if a language is adopted universally (or nearly so). Therefore, inaccessibility of any proposed *lingua franca* is highly problematic. Sad though it may be, there is a shortage of incentives for social scientists to worry about whether other scholars can synthesize their work with the existing body of knowledge. Combine the high costs of acquiring IAD fluency and the low rewards for doing so—especially in light

of the low likelihood that others will choose to follow such an irrational path—and you have a classic collective action problem.

Ah, but is this a tragedy of the commons? That is, would we be better off if we were forced (perhaps fearing state sanction) to adopt Ostrom's framework for discussions of institutions? The answer depends upon one's assessment of the status quo and the IAD proposal. Ostrom's pessimistic view of the landscape is, in my view, accurate. Even across subfields of political science, writers interested in institutions and organizations offer little recognition and utilization of work done by scholars in other subfields. With a background in the public administration literature, I am often shocked at the complete indifference to decades of work on the design, structure, and management of organizations when researchers in areas such as international relations confront the "black box" of organizations. And yet such oversight pales in comparison to the utter disregard of an entire discipline's work when scholars in one field move onto a "new" topic. Surely, the tower of institutional knowledge could reach greater heights if we all spoke the same language.

The common tongue offered by Ostrom has a great deal to recommend it. She proposes to understand complex systems and the subsystems (dubbed "holons") of which they are comprised by looking at "action situations" (when actors are faced with decisions and must evaluate and choose among multiple alternatives). With her framework, Ostrom proposes a list of elements making up the landscape with which we should be concerned. She is careful to distinguish this *framework* from a *theory* that would stipulate which parts matter when and a *model* that would posit assumptions and predictions about how and why the parts interact.

The differentiation of frameworks, theories, and models is important because it means that Ostrom's IAD framework does not presuppose one set of assumptions or analytical tools. This may surprise some who associate Ostrom with game theorists or like-minded scholars. Indeed, Ostrom illustrates many of the ideas in this book with simple games (for example, the "Snatch" game) and the layers of complexity that can be built upon them. Nevertheless, she is careful to point out that one can use her *framework* with multiple approaches or assumptions. A useful discussion, to illustrate this embracing of intellectual diversity, concerns the various ways in which a set of "rational actor" assumptions can be adapted. We might introduce the idea of bounded rationality to capture the incompleteness of information possessed by decision makers. We might alter the assumptions regarding individuals' valuation of outcomes (material benefits are not everything) to reflect the true variety of value systems. We might be more precise about the processes that individuals use to make decisions in different situations (under time pressure, say). While Ostrom acknowledges that some critics will see this as "messy," she argues that it is a necessary sacrifice in order to get things right.

In other respects, the IAD framework seems to be more rigid. Ostrom wants to differentiate among rules, norms, and strategies. *Rules* (she says) have

five elements: attributes, logical form (for example, may/must/must not), outcome, conditions, and consequences of “disobedience.” *Norms* have no potential sanction. *Strategies* do not have conditional applicability. A nifty little chart shows the humpty-dumpty nature of existing scholarship using these definitions; many people using the term “rules” don’t meet Ostrom’s definition, whereas some call her “rules” norms, and so on. The superiority of Ostrom’s definition may not be clear, but it has the major advantage of being explicit.

Common-pool governance systems have been the substantive focus of Ostrom’s work on institutions, and the book concludes with an application of the IAD framework to this subject. In explaining what makes such a system effective, she notes eight variables common to all robust systems: defined boundaries, proportionality between costs and benefits, monitoring, conflict resolution mechanisms, graduated sanctions, recognized rights to organize governance mechanisms, participation, and subdivision of large systems.

Although this is an interesting observation, it is not enough to conclude that these eight features ensure successful governance. Ostrom, in fact, concedes that the eight characteristics are necessary but not sufficient to ensure success. She notes that rapidly changing environment, internal corruption, “blueprint thinking,” and lack of infrastructure can doom governance arrangements. But this begs the question. Why do some institutions avoid these pitfalls but others do not? How do we know that not all eight characteristics existed for many systems that have failed and disappeared? And if they did exist, and the systems still failed, can we really say with much confidence that these eight characteristics are vital? This problem of non-barking dogs may undermine the prescriptive advice drawn from Ostrom’s conclusions.

There is no doubt that we would be intellectually richer if all work on institutions were easily accessible. This is most likely to be accomplished if scholars try to stick with clear prose written in jargon-free common language. Still, Ostrom has created a vocabulary and grammar that accommodates multiple perspectives and arguments, even if it is partial to game theory. Indeed, the book’s detours into more-formal analysis actually undermine this virtue by signaling that the IAD framework is for rat-choicers or game theorists only.

Alas, the requirements for fluency seem a bit too high for widespread adoption of Ostrom-speak. Thus, we will likely continue babbling and hope for an improbable collective realization that if we all willingly accept individual costs (in full knowledge that it is irrational to so), we would benefit from the emergence of an institutional *Esperanto*.

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